

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1698 - SB 1838

February 9, 2016

SUMMARY OF BILL: Deletes the requirement that the processing fee not exceed five percent of the payment amount for any municipal or county entity or office collecting payment by credit or debit card.

ESTIMATED FISCAL IMPACT:

Increase Local Revenue – Exceeds \$100

Assumptions:

- Tenn. Code Ann. § 9-1-108 requires a processing fee be charged that equals the amount paid to the third party processor for processing the payment; provided the fee does not exceed five percent.
- To the extent any local entity is being charged five percent or less under current law by third party processors, the local entity would be required to charge the same fee being paid to the third party processor. In this case, any fiscal impact to local government would be not significant.
- To the extent any local entity is being charged more than five percent under current law; passage of this bill would require the local entity to charge a fee that equals the fee being paid to the third party processor. In this case, any such local government would be required to increase their fee to the same amount being paid to the third party processor, thus realizing an increase in fee revenue.
- The extent to which local government entities are paying third party processors more than five percent is unknown. As a result, the extent of any increase in fee revenue to local governments statewide is difficult to determine. However, it is reasonable to presume that there is at least one local entity paying in excess of five percent under current law that the provisions of this bill will address. To this extent, the recurring increase in local revenue is reasonably estimated to exceed \$100 per year.
- Any additional fiscal impact will be on private third party processors and individuals who make payments using credit or debit cards.

HB 1698 - SB 1838

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jaw